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Annual

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Report Highlights:

Thailand's soybean production is forecast to decline slightly in 2000/01. Imports of beans and meal will likely be at a high level. Bio-safety issues related to GMOs remain a trade problem in Thai export products like poultry meat and canned tuna.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Bangkok [TH1], TH

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Executive Summary

Thailand's production of soybeans is forecast at 320,000 tons in MY 2000/01, down slightly from an estimated 330,000 tons in MY 1999/00. Insufficient supply of HYV seeds and the current low prices of soybeans will discourage farmers to expand area. The comparative advantage remains to favor alternative crops, especially corn and mung beans. Growing demand for soybeans will depend heavily on imported beans to supply the livestock, poultry, and aqua-culture industries' need for an adequate amounts of oil meals. Fish meal has been a key alternative to soybean meal and an important component of oil meal use in the feed industry. Thailand will continue to prove an attractive import market for both soybeans and soybean meal over the next several years. The United States is capturing much of the soybean market, but faces stiff competition from Argentina, Brazil, India and Belize in the soybean meal market.

There has been less concerns in Thai processed food over the use of genetically modified organism (GMOs) by the EU customers. But Saudi Arabia has questioned the GMO in soy oil which is being used in Thai canned tuna. Thailand currently does not have policies or regulations governing the import or use of GMOs, except seeds, and the scientific and technical community appears to favor a scientific approach that will not unnecessarily restrict trade.

The palm oil industry continues its expansion as a greater number of palm trees reach full maturity. Production of palm oil continues to lag consumer demand for edible vegetable oils, and Thailand's oil imports are forecast to continue to grow.

The 2000 import quota and import duty of soy oil and palm oil under WTO are as follows:

Items	Import Quota (M.T.)		Import Duty (percent)			
			Within Quota		Above Quota	
	Min. Volume under WTO	Quantity RTG approved	WTO	RTG approved	WTO	RTG approved
Soy oil	2,233	2,233	20	20	152.4	152.4
Palm oil	4,757.33	NA 1/	20	20	149.4	149.4

Soybean

PSD Table						
Country: Thailand						
Commodity: Soybean						
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Area Planted	240	240	240	240	240	235
Area Harvested	230	220	230	220	230	225
Beginning Stocks	74	42	59	219	29	159
Production	325	335	320	330	330	320
MY Imports	620	932	700	700	700	700
MY Imp. from U.S.	585	596	400	400	400	400
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1019	1309	1079	1249	1059	1179
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	750	850	850	850	830	850
Food Use Dom. Consump.	120	150	120	150	120	150
Feed Waste Dom.Consum.	90	90	80	90	80	90
Total Dom. Consumption	960	1090	1050	1090	1030	1090
Ending Stocks	59	219	29	159	29	89
TOTAL DISTRIBUTION	1019	1309	1079	1249	1059	1179
Calendar Year Imports	687	1008	800	800	800	700
Calendar Yr Imp. U.S.	414	646	400	400	400	400
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production/crop Assessment

Soybean production is scattered throughout the northern half of Thailand and some in the northeast region. The planted area in MY 2000/01 is forecast to decline slightly due to inadequate supply of high yield variety (HYV) seeds. Soybean production in MY 1999/2000 is forecast at 330,000 tons, a slight drop from 1998/99 as some of the late harvesting crop was damaged by unexpected heavy rain. The current unfavorable soybean prices which are about 10.00 baht/kg tend to encourage farmers to shift to alternative field crops, such as corn, mung bean and other dry beans which provide them better returns. For two consecutive years of 1999 and 2000, about half of the harvested dry season soybeans contained high moisture along with immature seeds as monsoon rains came early. As a result, local traders refuse to buy the inferior quality beans. The inadequate supply of HYV seed continues to be one of the main factors keeping yields at unimpressive level.

Consumption

Nearly 70 percent of the soybeans produced (plus 700,000 tons of imported beans) in MY 1999/00 will be crushed into feed and edible oil, 16 percent will go to food, 5 percent is used for seeds and the remainder utilized as full-fat feed. Strong demand from crushers and the food industry has restricted full-fat feed (and waste) to about 90,000 tons this year.

Food use of soybeans remains strong in traditional (soy sauce, soy milk and tofu) as well as vegetarian food sectors. Research to utilize soybeans as a protein substitute in food is still actively underway. As soy milk has gained more popularity over the past several years, some beverage producers have introduced competing products that blend soy milk with UHT (Ultra Heat Treatment) cow's milk. The drink is packaged in tetra-packs as a product that combines the best aspects of soybean and cow's milk. In addition, a product consisting of powdered soybean and powdered milk produced several years ago has also received more market interest.

Prices

The average Bangkok wholesale price of soybeans (Grade A) in 1999 was 14.10 baht/kg (\$372.62/ton), down 19 percent from the recorded of last year at 17.45 baht/kg (\$421.91/ton) but 16 percent higher than the ten year moving average price due to shortage of supply. Prices dropped slightly in the first quarter of 2000 because of inferior quality beans. Prices for top grade soybeans seem to be firm because of limited supply. However, the price for mixed grade quality beans tend to be stable this year as crushers are asked by the government to pay 10.50 baht per kilo delivered at mills.

Prices Table			
Country: Thailand			
Commodity: Soybean, Grade A			
Year: 1999			
Prices in (currency)	USD/Ton	per (uom)	
Year	1998	1999	% Change
Jan	385.40	432.09	12.1%
Feb	498.55	431.73	-13.4%
Mar	459.38	405.05	-11.8%
Apr	374.76	386.56	3.1%
May	362.67	372.34	2.7%
Jun	415.62	351.16	-15.5%
Jul	432.06	352.21	-18.5%
Aug	477.51	350.31	-26.6%
Sep	483.56	342.29	-29.2%
Oct	432.06	325.98	-24.6%
Nov	368.71	340.85	-7.6%
Dec	371.62	392.31	5.6%

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	10 yr Avg.
	-----Wholesale Price of Soybean, Grade A in Local Currency (Bht/Kg)-----										
Avg.	10.06	10.64	10.54	10.66	11.24	11.48	14.7	13.62	17.45	14.1	11.32

Trade

Due to strong local demand for soybeans and with the shortage of domestic bean supply, imports increased sharply from 189,957 tons in CY 1995, increased sharply to 869,398 in 1997, declined to 687,256 tons in 1998 due to the economic crisis and reached the peak of 1,047,162 tons in 1999 when economic had gradually picked up. The U.S. remained the major bean supplier for the past several years. The long-term prospects for soybean imports will grow along with the anticipated economic recovery. The European countries currently do not require Thai canned tuna manufacturers to issue the certificates of soy oil to be free from GMO. But Thai canned tuna exported to Saudi Arabia has been held at the port as it is suspicious of using soy oil crushed from GM beans. The introduction of the GSM-102 program in late 1997 facilitated U.S. sales throughout 1998 and some in 1999. However, current local interest rate is more attractive than the GSM program. Soybean exports have remained at insignificant levels during the past several years.

Import Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean			
Time period: Jan-Dec			
Imports for	1998		1999
U.S.	413,820	U.S.	645,938
Others		Others	
Argentina	154,760	Argentina	261,306
Brazil	118,250	Brazil	70,817
Canada	396	Belize	20,288
Taiwan	30	Cambodia	4,505
		Canada	3,931
		China	1,172
		Taiwan	22
		Norway	5
Total for Others	273,436		362,046
Others not listed			
Grand Total	687,256		1,007,984

Export Trade Matrix			
Country: Thailand		Units:	M.T.
Commodity: Soybean			
Time period: Jan-Dec			
Exports for	1998		1999
U.S.	39	U.S.	14
Others		Others	
Laos	456	Laos	442
Cambodia	234	Philippines	125
Philippines	42	Hong Kong	100
S Africa	13	Maldives	43
Hong Kong	7	Mali	21
Canada	2	Moldova	10
Japan	1	Japan	9
Total for Others	755		750
Others not listed	3		15
Grand Total	797		779

Policy

The Thai government liberalized the import of soybeans on Nov 1, 1996 by eliminating the quota and the tariff for soybeans. Imports increased to a peak of 1,047,162 tons (65 percent U.S. beans) in CY 1999 due to strong local demand. Imports should be firm along with economic recovery.

Soybean Meal

PSD Table						
Country: Thailand						
Commodity: Soybean Meal						
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Crush	750	850	850	850	830	850
Extr. Rate	0.78	0.782353	0.782353	0.782353	0	0.782353
Beginning Stocks	0	0	0	279	0	194
Production	585	665	665	665	0	665
MY Imports	700	1214	900	900	0	950
MY Imp. from U.S.	150	225	150	200	0	200
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1285	1879	1565	1844	0	1809
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1285	1600	1565	1650	0	1650
Total Dom. Consumption	1285	1600	1565	1650	0	1650
Ending Stocks	0	279	0	194	0	159
TOTAL DISTRIBUTION	1285	1879	1565	1844	0	1809
Calendar Year Imports	1502	1331	1000	1000	0	950
Calendar Yr Imp. U.S.	559	245	500	200	0	200
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Soybean meal production is forecast to be flat for three consecutive years till in MY 2000/01, mainly due to limited domestic soybean production.

Consumption

The current slight growth in the poultry sectors in response to an increase in local consumption of poultry meat

as well as firm exports along with a slight drop in swine production continue to result in flat total meal consumption. Since Thailand's shrimp production has picked up slightly in 1999 and 2000, consumption of soy meal could be up somewhat this year.

Prices

The average price of 46 percent protein soy meal dropped to 9.75 baht/kg (\$257.66/ton) in 1999 from the record of 12.00 baht/kg (\$290.14/ton) in 1998 as a result of high carry-over supply of imported soymeal. Prices of local meal during the first quarter of 2000 strengthened slightly and could remain firm in the latter part of this year as domestic demand for protein feeds seems to be strong.

Price Table			
Country: Thailand			
Commodity: Soybean Meal (46% Protein)			
Year: 1999			
Prices in (currency): USD/Ton			
Year	1998	1999	% Change
Jan	331.24	300.63	(0.09)
Feb	362.67	296.82	(0.18)
Mar	331.96	253.27	(0.24)
Apr	296.91	252.66	(0.15)
May	266.44	256.62	(0.04)
Jun	270.07	257.38	(0.05)
Jul	274.42	256.00	(0.07)
Aug	274.42	250.13	(0.09)
Sep	274.42	238.21	(0.13)
Oct	265.96	240.63	(0.10)
Nov	265.96	245.03	(0.08)
Dec	265.96	248.82	(0.06)
Exchange Rate: 39.16 (Local currency/US \$)			
Date of Quote: 05/30/00 (MM/DD/YY)			

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	10 Yr Avg.
	-----Bangkok Wholesale Price of SBM in Local Currency (Bht/Kg.) -----										
Avg.	8.73	8.71	8.95	8.96	8.96	8.52	9.97	10.54	12.00	9.75	9.51

Trade

Some 5-7 percent growth in overall live-stocks industry, especially poultry and shrimp production brought oil

meal imports to increase 39 percent in CY 1999. Argentina (41%), Brazil (25%) and the United States (18%) were the main suppliers of soy meal followed by India (11%) and the balance came from Belize and UAE. The United States normally cannot consistently compete with Argentina and Brazil because of freight costs and Thailand's preference for smaller cargoes. US soy meal currently is not price competitive with Argentine and Brazilian meal. The current US soy meal is about \$10/ton higher than Brazilian meal at the same level of protein.

Import Trade Matrix			
Country: Thailand			
Commodity: Soybean Meal			
Time period: Jan-Dec		Units: Metric Ton	
Imports for :	1998		1999
U.S.	170,320	U.S.	244,614
Others		Others	
Argentina	405,330	Argentina	551,547
India	159,697	Brazil	334,705
Belize	122,417	India	147,043
Brazil	97,620	Belize	36,584
UAE	2,100	Peru	14,850
Japan	3	UAE	1,755
Total for Others	787,167		1,086,484
Others not listed			
Grand Total	957,487		1,331,098

Export Trade Matrix			
Country: Thailand			
Commodity: Soybean Meal			
Time period: Jan-Dec		Units: Metric Ton	
Exports for :	1998		1999
U.S.			
Others			
Total for Others	0		0
Others not listed			
Grand Total	0		0

Policy

As a result of the Uruguay Round agreement, Thailand liberalized imports of soy meal since November, 1996. Import duty of soy meal remains at 5 percent ad valorem.

Marketing

While there is a large demand in Thailand for imported soy meal, it remains difficult for the U.S. to sell in this market because of competition from Argentina, Brazil and India which have lower prices and can ship the smaller cargoes preferred by Thailand. The GSM-102 credit did not play vital role for U.S. soy meal to enter Thailand in 1999 and 2000 due to cheaper local bank interest rate. An additional pressure came from Saudi Arabian buyer of Thai canned tuna in soy oil in doubt of the bio-safety of GMO. The products are being held at the port under clarifying the problems with Saudi Government.

Fish Meal

PSD Table						
Country	Thailand					
Commodity	Meal, Fish		(1000 MT)(PERCENT)			
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Catch For Reduction	NA	NA	NA	NA	NA	NA
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	450	380	420	360	0	360
MY Imports	50	89	20	90	0	90
MY Imp. from U.S.	1	0	1	1	0	1
MY Imp. from the EC	10	1	10	2	0	2
TOTAL SUPPLY	500	469	440	450	0	450
MY Exports	2	5	2	2	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	498	464	438	448	0	448
TOTAL Dom. Consumption	498	464	438	448	0	448
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	500	469	440	450	0	450
Calendar Year Imports	50	89	20	90	0	90
Calendar Yr Imp. U.S.	1	0	1	1	0	1
Calendar Year Exports	2	5	2	2	0	2
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

As Burmese government has imposed fishing ban for Thai fishermen in their Andaman sea territory since 1999. Fish meal production is forecast to decrease slightly in MY 2001 as total catch is expected to be down to about the same level as in 2000.

In order to protect its fish resources during the spawning season, the Thai Government maintains a no fishing season in the East Coastal waters from mid-February through April.

Consumption

Fish meal accounts for about 30-40 percent of the shrimp feed formula, 10-15 percent of the poultry feed formula and about 5-7 percent of the swine formula. The mixture ratio depends mainly on the comparative prices of soy meal and fish meal. However, major feed manufacturer tend to reduce fish meal in their poultry feed as required by European market.

Prices

The average price of local fish meal in 1999 was 19.11 baht/kg (usd 505.02/ton), down slightly from the record price of last year at 20.99 baht/kg (usd 507.50/ton). Prices tend to be firm in 2000 in response to lower production while demand remains strong by shrimp feed manufacture. In order to assist feed millers to lower their cost, the import surcharge was eliminated on Jan 1, 1997.

Prices Table			
Country: Thailand			
Commodity: Meal, Fish			
Prices in USD/Ton		per uom	
Year	1998	1999	% Change
Jan	502.90	582.99	15.93%
Feb	618.23	488.41	-21.00%
Mar	506.53	492.71	-2.73%
Apr	431.58	488.41	13.17%
May	432.79	511.37	18.16%
Jun	462.52	503.99	8.97%
Jul	496.37	518.31	4.42%
Aug	505.32	586.77	16.12%
Sep	518.13	577.76	11.51%
Oct	533.85	473.90	-11.23%
Nov	531.91	435.76	-18.08%
Dec	550.05	443.32	-19.40%
Exchange Rate	39.16	Local currency/US \$	

Trade

Thailand has reversed its role from a net exporter of fish meal to that of a net importer. Export volume dropped sharply to 4,628 metric tons, valued at \$1.75 million in 1999 as a result of significant imports. Taiwan remained the major outlet, taking 40 percent of total Thai fish meal exports. Other important buyers were Indonesia and Malaysia. An increase in shrimp production along with lower production of fish meal caused imports of fish meal to be up sharply to 88,794 tons in 1999. The major sources are Peru and Chile. Some

small quantities come from Indonesia, Denmark, Burma and Malaysia. Expansion of shrimp aqua-culture tends to stimulate higher fish meal imports in 2000 as local production is likely to drop sharply.

Export Trade Matrix			
Country: Thailand			
Commodity: Meal, Fish			
Time period: Jan-Dec		Units: Metric Ton	
Exports for:	1998		1999
U.S.	198	U.S.	
Others		Others	
Taiwan	10,301	Taiwan	1,847
India	6,763	Indonesia	1,138
Indonesia	3,830	Malaysia	745
China	2,254	Vietnam	294
North Korea	240	India	272
Japan	131	Japan	131
Australia	126	China	54
Hong Kong	80	New Zealand	54
Total for Others	23,725		4,535
Others not Listed	1,276		93
Grand Total	25,199		4,628

Import Trade Matrix			
Country: Thailand			
Commodity: Meal, Fish			
Time period: Jan-Dec		Units:	Metric Ton
Imports for:	1998		1999
U.S.	1,389	U.S.	
Others		Others	
Indonesia	3,089	Peru	50,888
Peru	2,444	Chile	26,797
India	1,400	US Pacific Isl.	4,572
Chile	1,143	Indonesia	1,720
Denmark	560	Denmark	1,302
Malaysia	552	Burma	1,090
S.Korea	370	Malaysia	1,078
Russian Fed.	283	Puerto Rico	713
Germany	224	Austria	308
Palau	217	France	291
Total for Others	10,282		88,759
Others not Listed	150		35
Grand Total	11,821		88,794

Soybean Oil

PSD Table						
Country: Thailand						
Commodity: Soybean Oil						
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Crush	750	850	850	850	830	850
Extr. Rate	0.16	0.169412	0.141176	0.169412	0.184337	0.1694118
Beginning Stocks	8	8	0	12	0	20
Production	120	144	120	144	153	144
MY Imports	6	4	10	5	3	5
MY Imp. from U.S.	1	1	1	1	1	1
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	134	156	130	161	156	169
MY Exports	4	20	2	14	8	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	4	4	2	2	3	3
Food Use Dom.Consump.	126	120	126	125	132	132
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	130	124	128	127	135	135
Ending Stocks	0	12	0	20	13	24
TOTAL DISTRIBUTION	134	156	130	161	156	169
Calendar Year Imports	10	5	10	5	3	5
Calendar Yr Imp. U.S.	0	1	0	1	0	1
Calendar Year Exports	3	25	4	10	8	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Production of soybean oil has been on an upward trend over the past few years, mainly due to increases in the supply of imported soybeans from the United States and South America.

Consumption

The per capita consumption of vegetable oil in Thailand gradually increased from 4.7 kgs in 1987 to an estimate slightly over 11.0 kgs in 2000. The economic crisis is forcing people to eat out less and to switch to lower-priced oils. Most of the soybean oil produced in Thailand is sold as cooking oil, while a few thousand tons are utilized in the tuna packing industry. About two thousand tons of refined oil is for industrial uses. All imported hydrogenated soy oil is utilized by the food industry. Advertising campaigns focusing on nutrition as well as

increased health consciousness have led Thais to be more selective in choosing their cooking oil. However, retail food outlets tend to use more palm oil because of its cheaper cost.

European concern over the use of GMOs in food products currently became less problem for Thailand. But food processors have been questioned by Saudi Arabian customer whether the soy oil contained in some food products come from GMO soybeans. Since Thailand does not yet have labeling or other GMO-related regulations, verbal confirmations are made with buyers that the vegetable oils used are from local non-GMO soybeans.

Trade

RTG's restrictions on soy oil and palm oil imports through the use of import licenses were replaced by tariff rate quota system under GATT negotiations in 1995. This situation did not encourage much of import market opportunities as only 4,610 tons of soy oil entered the Thai market in 1999. A larger quantity (24,676 MT) of soy oil is being exported in 1999 since the domestic market consumes more palm oil. Malaysia remains the major outlet. Vietnam and India are the new customers while Cambodia and Laos remain regular buyers.

Import Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean Oil			
Time period: Jan-Dec			
Import for	1998		1999
U.S.	523	U.S.	1,174
Others		Others	
Taiwan	1,394	Taiwan	1,859
Germany	613	Singapore	550
Korea, Rep.	131	Malaysia	466
United Kingdom	120	Germany	236
Japan	29	Korea, Rep.	112
India	2	United Kingdom	96
		S. Africa	96
Total for Others	2,289		3,415
Others not listed			21
Grand Total	2,812		4,610

Export Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean Oil			
Time period: Jan-Dec			
Import for	1998		1999
U.S.	302	U.S.	253
Others		Others	
Malaysia	4,000	Malaysia	12,003
Hong Kong	1,952	Vietnam	5,500
Cambodia	797	India	3,060
Laos	231	Philippines	1,500
Burma	160	Burma	1,329
Solomon Isl.	36	Cambodia	675
Japan	29	Loas	256
Russian Fed.	24	China	57
Total for Others	7,229	Total for Others	24,380
Others not listed	26	Others not listed	43
Grand Total	7,557	Grand Total	24,676

Palm Oil

PSD Table						
Country: Thailand						
Commodity: Oil, Palm						
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	190	230	200	232	200	234
Area Harvested	180	191	190	204	190	206
Trees	0	0	0	0	0	0
Beginning Stocks	16	5	46	177	56	127
Production	500	707	520	520	520	550
MY Imports	20	20	20	20	20	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	536	732	586	717	596	697
MY Exports	30	65	30	70	30	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum.	190	190	210	200	210	210
Food Use Dom. Consump.	220	250	230	260	240	270
Feed Seed Waste Dm.Cn.	50	50	60	60	60	60
Total Dom. Consumption	460	490	500	520	510	540
Ending Stocks	46	177	56	127	56	107
TOTAL DISTRIBUTION	536	732	586	717	596	697
Calendar Year Imports	20	20	20	20	20	20
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	30	65	30	70	30	50
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production/crop Assessment

Good rainfall since late 1998 and continued to be favorable throughout 1999 boosted palm oil output to the record at 707 tmt in 1999, a sharp increase from the earlier year. However, yields in Thailand remain relatively low when compared with Malaysia due to limited technical knowledge and planting material of dubious origin. While optimal oil extraction is considered to be 20 percent of the total FFB weight, Thai crude palm oil averages only 16-18 percent. The current oil extraction is reported at 16 percent but likely to be 17 percent this year due to adequate moisture. Since prices of rubber declined significantly, oil palm areas in the southern region has gained slightly. Seeds are still imported from Costa Rica, Papua New Guinea and Congo.

Consumption

Local demand for palm oil and palm kernel oil is rising along with the demand for oil-based products: soap, margarine, shortening, non-dairy coffee creamer (NDCC), edible fats, chocolate wafers, and biscuits. The bulk of Thailand's palm and palm kernel oil is used in the food processing industry (cooking oil, 55%; NDCC, 10%; margarine and shortening, 10%; instant noodles, 6%). Some 8 percent is used by the soap industry and the balance goes to animal feed.

Prices

A sharp drop in FFB price since the second quarter of 1999 drawn the price of Thai refined palm oil down significantly. Prices of FFB declined sharply to 1.40-1.50 baht per kilo (\$36.84-39.47/ton) during the first quarter of 2000. This is only one third of the average price of FFB during the same period last year, despite lower supply in the normal low season. As less supply enters the market, prices of FFB moved back to normal in May'00 and strengthened to 2.50 baht per kilo in May. An expected lower supply of oil palm could support the price of the local FFB as well as palm oil to an average normal price in the later part of this year.

Prices Table			
Country: Thailand			
Commodity: Refined Oil, Palm			
Year:	1999		
Prices in (currency)	USD/M.T.	per (uom)	
Year	1998	1999	% Change
Jan	785.30	1,097.29	39.7%
Feb	794.25	1,010.52	27.2%
Mar	758.95	924.83	21.9%
Apr	758.95	686.70	-9.5%
May	794.25	676.59	-14.8%
Jun	794.25	577.56	-27.3%
Jul	820.60	536.53	-34.6%
Aug	794.25	504.70	-36.5%
Sep	769.83	466.35	-39.4%
Oct	807.30	432.93	-46.4%
Nov	798.60	392.85	-50.8%
Dec	820.60	458.93	-44.1%

Trade

Thai palm oil does not figure to be a factor in the export market. Exports were 65,359 tons of which 38,392 tons went to Burma, followed by 18,719 tons to Malaysia. Thailand could eventually become an import market for Asian palm oil, depending upon the progress of the Asian Free Trade Area (AFTA) Agreement. Under the AFTA agreement, Thailand will have to reduce the import duty of palm oil to 0-5 percent by 2003.

Export Trade Matrix			
Country: Thailand		Units: Metric Ton	
Commodity: Oil, Palm			
Time period: Jan-Dec			
Exports for	1998		1999
U.S.		U.S.	
Others		Others	
Malaysia	20,520	Burma	38,392
Burma	5,130	Malaysia	18,719
Netherlands	3,000	India	2,550
China	2,004	Portugal	1,500
Laos	663	Cambodia	1,461
Cambodia	618	Netherlands	1,000
Vietnam	59	Singapore	920
Brunei	18	Laos	530
Morocco	13	China	171
Sri Lanka	13	Gabon	37
Total for Others	32,038		65,280
Others not listed	255		79
Grand Total	32,293		65,359

Import Trade Matrix			
Country: Thailand		Units: Metric Ton	
Commodity: Oil, Palm			
Time period: Jan-Dec			
Imports for	1998		1999
U.S.		U.S.	1
Others		Others	
Malaysia	10,887	Malaysia	13,328
Singapore	6,206	Singapore	7,136
Indonesia	3,507	Netherlands	18
Netherlands	20	Mali	17
Morocco	19	Hong Kong	13
Taiwan	2	Denmark	5
Total for Others	20,641		20,517
Others not listed			4
Grand Total	20,641		20,522

Policy

Due to a sharp drop of oil palm fruit during May-Oct'99, the government intervened in buying a total 70,000 tons of crude palm oleine (CPO) at 19.50, 16.00 and 15.00 bht/kg during May-Jun, Jul-Aug, and Sep-Oct, respectively. Crushers were forced, in return to pay small producers at 2.72, 2.20 and 2.10 bht/kg during each period. There has been no government's intervention program to support oil palm producers this year, despite the continuation of a significant drop in FFB prices caused by a huge carry-over supply of CPO last year. However, unusual small output of FFB during the first quarter of 2000 had help prices to strengthen slightly but does not look as promising as last year. A 10 percent export tax of palm oil was eliminated in 1999.

Marketing

Thailand's current annual palm oil crushing capacity is estimated to be more than 1.0 MMT in 2000, with 21 moderate-sized (30-60 tons of FFB/hr) crushing plants. An additional of a total 143 FFB/hr capacity could be utilized from 24 small crushers. Present actual crushing capacity is about 70 percent of the total. Most of the large palm oil refinery plants have their own fractionation facilities. From crushing mills, crude palm oil (CPO) is transported in tankers to Bangkok refineries. The CPO is then refined, bleached, deodorized and fractionated to obtain palm oleine and palm sterene at 70 and 30 percent, respectively. The oleine goes to cooking oil and the food industry, while sterene is manufactured into margarine, shortening, feed and soap.